

HEARING the ECHO

Green? Who cares? Actually, you'd better. As consumers grow ever more concerned about the fate of their planet, they're expecting ever more from their brands. Are you listening?

A BRANDWEEK STAFF REPORT Illustration by Carol R. Wells

It wasn't too long ago that social temperature-takers parceled out America in terms of red states and blue states (amid some talk of various purple communities). But suddenly, we citizens all seem united behind another color: green. Never mind that Jimmy Carter had solar panels put on the White House roof back in the late '70s and soy milk has been around since the year 25 A.D.; the green movement is our newest social preoccupation.

A fad, however, it is not—if only because predictions of a future where rainforests turn to sand and Manhattan sits in 9 feet of water are hard to ignore. (One recent study found that 60% of Americans are “concerned” about weather patterns of late.) And so, green awareness isn't only the preoccupation of Limousine Liberals, but a growing concern for everyone who drinks water and breathes air.

And shops for brand names. Perhaps because ordinary citizens feel powerless to change matters as large as national energy policy, concern over green issues has manifested itself in daily, local tasks. Today, consumers are more conscious than ever of the foods they eat, the apparel they wear and the cars they drive. They want to know, or tell their friends, not only where their products come from and what they're made of, but how they're processed and what gets added along the way. Suddenly, consumers seem to care less about when an order will be shipped as *how* it will be shipped.

We can thank Al Gore and his 2006 documentary, *An Inconvenient Truth*, for nudging green further mainstream. No doubt, the citizenry has noted how many Hollywood celebs leave their Lamborghinis in the garage and ply the Pacific Coast Highway in a Toyota Prius. But the push has been on many fronts—from the proof of global warming signaled by Hurricane Katrina, to explosive events in the Middle East, the region to which America is attached by a fuel-filled umbilical cord.

Even as some Americans are concerned far more than others, the larger point is that enough of them are sufficiently concerned to want change. A February study by the MindClick Group, publisher of the *Global Warming Monitor*, revealed many Americans lay responsibility for global warming right at the feet of Big Business.

And Big Business knows it all too well. Responses from the corporate community vary widely, of course, but an undeniable trend that's emerged is brands responding

directly to these concerns. They're responding with more eco-friendly products, from organic grapes to greeting cards made from recycled paper pulp. And places to talk, relax or be entertained, from eco-lodges that rely on solar power, to Hearst Corp.'s new online destination, TheDailyGreen.com, to a 24/7 channel from Discovery with green programming due later this year. Indeed, nearly every industry has caught the green marketing wave in some way—which is why the following pages are devoted to examining a number of new ideas ranging from eco-friendly autos to the future of green media.

Some brands have done a better job than others positioning themselves in the green spotlight. And the missteps are only proof of the difficulty of understanding Americans' new expectations from the products they consume and how to synthesize them with intelligent, credible marketing and still deliver quality and price. Much like the ecosystem, it's all a delicate balance.

—Sandra O'Loughlin

The Wearin' o' the Green

By Sandra O'Loughlin

CLOTHING & RETAIL

Imagine, for a moment, a sophisticated suburban career mom, out doing some shopping. She pauses at one rack that's full of baby clothes—made from 100% organically grown cotton—just next to the organic baby formula. Just a few aisles down, she passes the wine section: all premium labels, all organic. Now where would you guess that career mom is shopping? Some upscale urban emporium, perhaps?

Hardly. She's at a Wal-Mart Supercenter. And, for her pick of eco-friendly products, that wasn't her only choice. The last few years have seen more retailers jump on the green bandwagon, from Wal-Mart—which grabbed headlines last summer with its pledge to bring 400 organic products to its shelves—to equally price sensitive Swedish merchants H&M and Ikea. They have pledged support for the ethical sourcing of the raw materials that go into their Euro-chic furnishings.

Of course, environmentally-sensitive retail products are not new. What is new is their mainstreaming.

"As time moves on, the notion of sustainability is becoming more mainstream," said Jerry Savage, founder of market-research firm ResearchSite. "Consumers are getting closer to the earth and embracing their families."

At the same pace that Americans awaken to the relationship between their consuming habits and the health of the planet, retailers have caught on to the fact that people are concerned, and are willing to change spending habits to address that concern. Most times, that means buying organic, which eschews the use of chemicals and pesticides and stresses ecological preservation.

While the majority of consumer spending on organic products is in the edible arena, apparel and other nonfood items comprise the second-fastest-growing category, according to a 2006 survey by the Organic Trade Assn. in Greenfield, Mass. Organic clothing sales grew from \$437 million in 2003 to \$744 million in 2005, with women's apparel up by 43%, men's by 56% and teens by 52%.

For retailers, the greening of consumer demand cuts both ways. It's forced many into a scramble to broaden their offerings, but green also has given many companies a wholly new arena in which to both differentiate and market their brand names. Levi's blue jeans have been around since 1853, but selling alongside the old standards is now Capital E jeans, made from 100% organic-cotton. H&M, which has carried kids' organic apparel for a number of years, this spring expanded its offerings to women, young women and babies with fashionable A-line dresses and tunics.

And on it goes. Cargo Cosmetics, which boasts jumbo lip glosses, has just introduced a biodegradable lipstick tube made from corn. Outer packaging is infused with flower seeds that can be planted and, if you have a green thumb, will grow.

For many of these companies, offering green products is only half the game; boasting that they do is the other—and what sounds better to an eco-conscious consumer than an eco-conscious marketing message? "Being eco-conscious can help a company's image by suggesting it is interested in the consumer's health and education," Savage said.

Few have been more public about it than Wal-Mart, whose organic-food initiative received a big marketing push in a series of ads bearing babies and food along with the tagline: "What will you bring to the table?" That's a not-so-subtle prod to parents to think about the ingredients in the food their children are eating. Timberland also made its green plans the center of its marketing last fall, when the company



Cool shoes: Timberland boxes use recycled fiber.

began shipping shoes in boxes made of 100% recycled post-consumer waste fiber that uses no chemical glues and only soy-based inks in its labels. Similar to Wal-Mart's, Timberland's message challenges: "What kind of footprint will you leave?"

But, as the song goes, it's not easy being green. A year after it began, Wal-Mart's organic initiative, which was extended to energy efficient lightbulbs, is in the headlines once again—as something the company is scaling back on. Higher-than-expected costs and a poor fit for the budget-conscious shopper have emerged as two of the alleged reasons. That doesn't surprise MindClick CEO JoAnna Abrams, who said that a company's green offerings "have to work along with quality and price. There is a fine balance, and that's where the rub is."

Conversations in the blogosphere on sustainability, which were up 110% this year from March 2006, per Nielsen BuzzMetrics, drive home that point: Consumers are just as likely to accuse brands of "greenwashing" if they feel they are getting into the sustainability business for the wrong reasons. (For an Eco-friendly Brand Assn. map, see brandweek.com/spotlight.)

Companies simply paying lip service to environmental issues are running the risk of being burned by watchful consumers, too. "Consumers are savvy," Abrams added. "The company has to really live the message. Companies run the risk of going too far in emphasizing their efforts."

As Ivan Storck, owner of sustainablemarketing.com, put it, there is a triple bottom line: people, planet and profit, and the people part of the equation must come first. "Sustainability means more than being eco-friendly," he said. "Sustainability also means you're in it for the long haul."

"Consumers are getting closer to the Earth and embracing their families." —Savage

Earth angels: Models sport items from Loomstate, Barneys first green collection.



Daniel Jackson/Barneys New York



FOOD & BEVERAGE

The earth's crust: Pizza Fusion delivers its pies in a hybrid vehicle.

The World On a Platter

By Kenneth Hein

If you weren't wearing Birkenstocks, used patchouli oil and couldn't immediately name your favorite live bootleg version of the Grateful Dead's "China Cat Sunflower," then you probably weren't around for the first wave of organic food's popularity.

No matter: This time around, it's a tidal wave. The consumption of organic products among today's environmentally conscious population has doubled in the last five years alone. According to the Nielsen Strategic Planner, Americans now spend \$3.5 billion dollars on organic foods. Last year, more than 2,000 organic items debuted on grocery shelves—everything from baby food to pre-cut salads to breakfast cereal.

Which means plenty of food companies are clamoring for a piece of the organic dollar—and they have two good reasons for doing so. Primarily, food producers are meeting the demands of a population that's eating healthier.

Another force is driving demand: Americans' increasing wariness about fertilizers and various farming/processing methods having a negative effect on the ecosystem. So when consumers buy organic, they seem to be thinking about their body and the planetary body at the same time.

"Consumers are far more interested in finding brands that fit in with and support their green lifestyles," said John Creson, partner at Addis Creson, a brand consultancy in Berkeley, Calif.

The size of this demand is no doubt the reason why the day of organic products coming solely under brand names that few people recognize is over. Today, Gerber, Hunt's, Orville Redenbacher, Ragú, Swanson and Frito-Lay's Tostitos are but a few of the mainstream players who've crossed to the green side. It also includes big companies that can go green instantly by buying an organic label. Coca-Cola, for example, acquired the ultrapremium juice maker Odwalla, while Kellogg gobbled up Kashi. Kraft has Boca Burgers and Back to Nature.

But the experiences of a huge brand and a small one in the organic arena can be markedly different. Perhaps because "organic" conjures images of indie growers on family farms, many boutique brands are embraced while some mega food companies are not.

"Small brands are going from niche to mass because of consumer demand. They want authentic brands," Creson said. In con-

ORGANICS IN THE HOUSE

While food easily chomps the majority share of money that Americans spend on organic products, nonedible items have been steadily gaining ground. Below, a breakout for 2005, the most recent data available.

ORGANIC CATEGORY	2005 SALES (IN MILLIONS)	% GROWTH FOR 2005
Supplements	\$238	29%
Personal care	\$282	28%
Household products/cleaners	\$19	29%
Pet food	\$30	46%
Flowers	\$16	50%
Linens and clothing	\$160	44%

Source: Organic Trade Assn. 2006 Manufacturer Survey

trast, “Mass brands have to work hard at convincing audiences of an absence of negatives. People are tired of the ‘overmassification’ of products.”

Curiously, two factors that might seem to be risks—taste and cost—matter less to the organic-buying consumer than one might think. “One of the most amazing aspects is the consumers are basically giving producers of these products permission to have them not taste good,” said Ken Sadowsky, president of Atlas Distributing, Auburn, Mass. “It’s almost a *benefit* if it doesn’t taste good.”

When it comes to cost, while price sensitivity may be an issue for lower-end retailers (experts say Wal-Mart’s organic offerings ran into trouble with its core, value-seeking demos), Americans on the whole seem to accept the idea that ecologically responsible food is going to cost them more. In a series of 2003 and 2004 studies, researchers from the University of Ohio found that consumer willingness to pay more for

“Consumers are far more interested in brands that fit in with their green lifestyles.”—Creson

organics increased with age, number of children in the home and, not surprisingly, household income. The researchers also discovered that the consumers most committed to eating organic were willing to spend as much as 37 to 52 cents more for each organic food item.

That commitment, moreover, appears to vary depending on where you live. “Regionally, consumers react differently,” said Suzy Badaracco, president of Culinary Tides, Tualatin, Ore., a trends forecaster that works in the food industry. “In Chicago, for example, if a restaurant says 80% of its ingredients are locally sourced, that’s considered good. However, in Portland or Seattle, if you’re not green and 100% locally sourced, it’s not acceptable.”

Sourcing is, in fact, another factor that’s characterizing today’s green movement. Green-conscious consumers don’t just examine what’s on the shelf, they want to know about the entire process that precedes it—from how items are grown, packed and transported, to how various animals are slaughtered. “Food miles” are among the growing terms being examined. So if an organic kiwi shows up in the produce aisle, that’s a good thing, but if that same kiwi has traveled to New York from Australia, the energy and fuel required to get there makes it a far less acceptable choice.

Even if a food item is not organic, the resurgence of the green movement has meant that many a food company has had to endure a magnifying glass held to its entire production process. That, in turn, has put a number of major brands—many of them fast-food chains—on the defensive, scrambling to clean up their acts and get eco-friendly in a big hurry.



Crunch time: All-natural Kashi-brand cereal was gobbled up by Kellogg.

Invariably, that involves marketing messages too. Burger King (which People for the Ethical Treatment of Animals once dubbed “Murder King”) has taken a very public lead in touting a policy that advocates more humane treatment of animals, for example. Last month, the fast feeder announced that it’s moving toward “cage free” eggs and “crate free” sows. Based on economics and supply, it decided that 2% of eggs would come from these sources as well as 10% of its pork.

BK rep Keva Silversmith maintained that these public changes were not marketing maneuvers, but rather the result of the chain’s Animal Welfare Advisory Council’s recommendations. At the same time, an ecologically sensitive reputation doesn’t hurt. “Our animal agricultural policies . . . [are] not part of our marketing strategy,” Silversmith said, but “by the same token, we’re delighted by the public response to our change in policy.”

Yet even as the green movement has some companies on the defensive, it’s opened up a world of opportunity for some upstarts. Down in Ft. Lauderdale, Pizza Fusion has integrated an eco-responsible ethos into its products, its marketing and its delivery methods.

Barely a year old, Pizza Fusion serves 100% organic pizzas, salads and sandwiches. It’s tagline: “Saving the Earth, one pizza at a time!” The chain takes the green attitude as far as the ozone layer by having its delivery people drive hybrid cars, offering a quarter for returned pizza boxes and offering “Spudware” (made from potatoes) in place of plastic utensils.

Pizza Fusion president Vaughan Lazar said there’s a particular need for organic fast food because “you can live 100% organically in your home, but the second you walk outside, there goes that.” Yet even for consumers who’ll never order from Pizza Fusion, the time is ripe for the business to start. “People have become more aware of what they’re putting in their bodies,” said Lazar.

Yes, they have. Ask Diane Hartz, the executive director of Sustainable Table, a nonprofit organization that works to educate New York consumers about food-related issues. “Awareness has grown exponentially,” she said. “It’s on the tip of entering mainstream. Last Thanksgiving, my 74-year-old mother bought a pasture-raised turkey from a local farmer. It’s starting to sink in.”

CARS & ENERGY

Eco Engines

By Steve Miller

When British Petroleum realized in the late ’90s that being a major oil player by itself wasn’t an image-builder, it decided to go green (insofar as an oil company can) with environmental-stewardship marketing. “Beyond Petroleum” was the company’s new slogan, and in 2005, the phrase “It’s a start” augmented it.

And it was a start. *Just a start.* Because the times have caught up to the energy industry—and its industrial sister, the auto industry—in the form of flaming sentiments fed by films like *Who Killed the Electric Car* and fanned by exorbitant fuel prices. Environmental consciousness “is now what recycling was at one point,” said Hayes Roth, CMO at Landor Associates, the New York-based brand-design consultancy that worked with BP. For consumers with green leanings, the energy and auto industries are already in the crosshairs—and expected to make some changes. Fast.

Even as they try, a dual picture emerges. While newer players in the energy industry have been able to answer the green call with surprising agility (and with plenty of help from marketers), much of the older guard has nowhere to go. And though many automakers have their answer to environmentalists’ concerns—the hybrid vehicle—ready on showroom floors, they’re finding that idealism has little relation to the bottom line.

“We find now that the cost of doing business—especially in energy—is being environmentally conscious,” said Kevin Tuerff, co-founder of EnviroMedia Social Marketing, Austin, Texas. “Customers expect it.” Tuerff’s agency is behind the recent campaign for Green Mountain Energy, also based in Austin, which features the tagline “Enjoy the Flick”—referring, of course, to the flick of a light switch. The ad is full of blue skies and windmills, an atmospheric reference to the fact that the young company (founded in 1997) sells only “cleaner energy” derived from solar, wind and water sources.



Turn me on: Decade-old Green Mountain Energy generates power only from ‘cleaner’ sources.

“It’s not about doing it, it’s about being seen doing it.”—Wolkonowicz

Such is the new face of energy in the Green Age. But for the old guard, going green is difficult, if not impossible. Gulf Oil was once one of the “seven sisters” of big oil producers but now distributes fuel through 1,800 stations, mainly on the East Coast. While Chelsea, Mass.-based Gulf sells new-generation fuels such as ethanol and low-sulfur diesel, it’s still an oil company—and that’s a substance that many environmentalists condemn categorically, no matter how it’s sourced, refined or used. “I think

the more companies talk about being eco-friendly, the more they aren’t,” said CEO Joe Petrowski. Meanwhile, for automakers, eco-friendly means, for the time being, the hybrid vehicle. “With Toyota and the Prius, the halo effect is what counts,” said Bill Moore, publisher of *evworld.com*, a Web site devoted to sustainable transportation. “People know the Prius, but they also now can see the Camry Hybrid and the Highlander Hybrid. It works for the others as well, like Ford with the Explorer.”

There’s just one problem. Idealism is one thing, sales quite another. Ford’s Escape Hybrid—which is one of 15 vehicles that meet California’s rigid emissions requirements—comes with a premium of \$3,000. “That’s too high for some families who want to feel good about doing something for the environment,” said Ford rep Octavio Navarro.

And yet hybrids, with their golf cart hum and often-jerky acceleration, have become a focus of nearly every automaker, a dramatic change from just five years ago. The unpleasant (perhaps “inconvenient”?) truth that lurks behind all the feel-good green talk is that the models sell poorly and, when they do sell, profits for the makers are minimal. In fact, hybrids currently make up only 1.5% of total auto sales, per Boston-based consultancy Global Insight.

Which is why “big marketing campaigns for hybrids don’t make sense,” according to Global Insight analyst John Wolkonowicz. “It’s all an image thing with Hollywood people driving them. It’s not about doing it, it’s about being *seen* doing it.”

The numbers bear him out. Honda spent \$5.8 million on marketing its Accord Hybrid, while it spent \$179 million on its regular Accord, per Nielsen Monitor-Plus. Saturn spent \$48.6 million on ads for its Vue, while dropping \$5.4 million on the Vue Green Line Hybrid.

The problem, say observers, is lip service. While asking for more environmental head-nodding from corporations, more consumers opt for the gasoline-driven Ford Escape (138,020 sold last year) over the Ford Escape Hybrid (19,375 in 2006 sales). “Manufacturers will follow what consumer demand is,” Landor’s Roth said. “Ford’s top seller is the F-150 pickup truck. That’s what people want.”

The most fuel-efficient auto company in America.



Environmentology
Hands driving in action.

Since 2001, Honda has been committed to developing more eco-friendly, more efficient vehicles. And now you can see it all new. It's all about the Prius. The Prius will continue to lead the way in fuel efficiency. Through innovation and hard work, Honda has made a commitment to the future. Through Environmentology.

HONDA

Runs on fumes: Honda’s fuel efficiency is a major marketing push.

MEDIA

Greetings from Earth

By Karen Benezra

Neve Ilan, ISRAEL—Talk to most people about cholesterol and the conversation goes something like this: if you don't have the proper balance of the good vs. the bad, your doctor is apt to issue a stern warning. But what if cholesterol could be good for the planet?

Enter Magink Display Technologies, a small firm based in the foothills of Jerusalem, which has found a way to manipulate the very molecules in cholesterol to reshape an unlikely category: billboard advertising. What's more, its principals say, the idea holds the promise of producing enough energy savings to help create "greener" municipalities.

Magink made its debut during last year's Cannes International Film Festival where attendees were treated to outdoor movie clips that could be seen even during daylight. It has since entered partnerships with the Saatchi Gallery and arts groups in London, while its first U.S. test with billboard giant Lamar Advertising, which operates 150,000 locations, will get underway later this year.

The process uses so-called "digital" ink to deliver full-color, full-motion resolution and high contrast images so billboards that would best be visible at night can, in effect, be "on" in full sunlight. Ambient light enhances image quality and visibility and the display colors can be changed via computer. Taken together, it's an evolution for a business built on paper or vinyl displays.

Critics have often lumped unsightly billboards as a symbol of "urban blight." But turning billboards into an eco-friendly medium isn't such a stretch, said Ran Poliakine, Magink's founder and CMO. "It's totally non-light polluting. So if you visualize what society will want in 20 years, you'll realize that a process that works with the sun and not against it has a big advantage."

Magink sees its challenge as replacing traditional LED displays that have long drained energy resources

even while illuminating downtowns. "Times Square and Piccadilly Circus might be two places where you can allow that, but in real life I don't think people in Wichita want to go to sleep next to huge TVs on the street."

Light that is reflected loses intensity when exposed to the sun, explained Amir Ben Shalom, Magink's chief scientist. The colors of a GameBoy or a cell phone screen can clearly be seen indoors; however, take that screen outside and it's a completely different story.



Now that's bright: Magink displays at Cannes and London (above) turned heads.

"Our main secret is to use each pixel's full color range, adding red on top of the green and on top the blue together," he said.

The result: the brightest, most vivid reflective technology. "It's not as good as high-quality printed vinyl, but it is a leap from normal printing."

The cholesterol-like material is arranged like a DNA chain

of molecules. Change the pitch on the helix by, say, adding pressure, and the colors change enabling movement—and more brand storytelling. Among the advantages, said Poliakine, is the ability to change displays based on viewer reaction, time of day, location, sales results or current events. "Timesharing" a location can also help media companies increase inventory. That could mean new money entering a market from local car dealers to zoos. Lamar estimates that changeable boards can yield six or seven times the revenue per site, with 83% of that representing incremental dollars.

Magink also has aligned with out-of-home giants JC Decaux and Clear Channel, and brought on Don Davidson, a former CEO of Gannett Outdoor, for its media network team.

A technology that isn't intrusive or hungry from a power consumption stance could also help advertisers who want to be seen as not just talking about green, but taking definitive action. But like with any revolution, education has to become part of the process. "It's very difficult to convince big brands to change the way they do things and move to a different business model," said Poliakine.

Since the technology can be embedded into objects or buildings, potential uses may extend to consumer electronics, furniture, in-store signage or promotional displays.

Said Poliakine: "We're starting with media and growing from there."

"I don't think people in Wichita want to sleep next to giant TVs on the street."

GREEN REPUTATIONS

Here is a picture of which companies the public associates with environmental responsibility, and how strongly. Monitoring 356,400 blog messages online, researchers listed all the corporations that bloggers mentioned when the topic of discussion was sustainability. Below, those mentions are listed in descending order of their prevalence.

Wal-Mart	1.77%
Whole Foods	1.66%
Starbucks	1.26%
Toyota	0.64%
EnergyStar	0.20%
Goldman Sachs	0.15%
Lexus	0.15%
Trader Joe's	0.14%
Bank of America	0.14%
Patagonia	0.11%
Aveda	0.07%
QualComm	0.02%
Ben & Jerry's	0.01%
Enterprise Rent-a-Car	0.01%

Source: Nielsen BuzzMetrics